

## Michaud Introduces Blueprint for Fiscal Reform

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Calls on Congress and the President to get serious about reducing the debt

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&ldquo;I appreciate the President&rsquo;s continued calls for fiscal discipline, but more needs to be done,&rdquo; said Michaud. &ldquo;We cannot have a true economic recovery unless we encourage job creation and get serious about addressing our nation&rsquo;s debt. If we fail to act, our unsustainable debt level will threaten our national and economic security. This will directly affect American families and small businesses and has to be addressed. The plan we introduced today outlines some steps that Congress should consider as we work to put our country back on a path to balanced budgets and long term fiscal sustainability.&rdquo;

President Obama recently announced support for federal spending freeze and the establishment of a fiscal commission that would force Congress to act on the nation&rsquo;s long-term fiscal crisis. Michaud is a cosponsor of a fiscal commission bill and called for action on it last November.

Government borrowing at the level required for the federal government to meet its current obligations would drive up interest rates and make us more dependent on foreign countries to help pay our bills. Higher interest rates will make it more difficult for Americans to afford a home, finance an education, or start a business.

The Blue Dog Blueprint for Fiscal Reform is designed as an incremental and systematic approach to restoring the fiscal integrity of the country in the immediate term, and securing our economy for future generations of Americans. Budget experts from across the political spectrum agree that Congress must put a plan in place now. The Blue Dog Blueprint for Fiscal Reform, outlined in more detail below, balances the budget within 10 years by establishing a realistic debt-to-GDP ratio of 60% and implementing budget reform tools.

Blueprint for Fiscal Reform: A pathway to get from record deficits to long term fiscal sustainability

Budget experts from across the political spectrum agree that Congress must put a plan in place now in order to balance the budget within 10 years, and lay the groundwork for sound fiscal policies over the long term. The Blue Dog Blueprint for Fiscal Reform is aimed at achieving these two critically important goals.

- Restore Pay-As-You-Go budget rules. The first step we can take to ensure that government does not spend beyond its means is to restore the proven, bipartisan pay-as-you-go (PAYGO) rules that effectively brought about budget surpluses in the 1990&rsquo;s.

- Put the lid on federal spending. In addition to balancing the federal checkbook, Congress should set limits on discretionary spending. Just like American families who make tough decisions every day, Congress must learn to live within its means.

- Cut programs that don&rsquo;t work. Congress must work with the Administration to identify and cut programs that

don't work. A commonsense budget enforcement tool, "expedited rescission" was passed by the House with bipartisan support in the 1990's.

- Reduce the deficit. Known as a "budget reconciliation trigger," this tool forces Congress to live within the parameters set forth in the annual federal budget. At the end of every year, Congress would be required to cut spending to meet these targets, effectively reducing the deficit over time.
- Balance the budget. A critical component of the plan, a constitutional amendment would require that Congress balance the budget by 2020.
- Be honest about our long term fiscal obligations. All too often, political pressures lead to dishonest budgets. One way to help fix this problem is to require that the federal government produce an honest assessment of its fiscal obligations not just five or ten years out, but longer term over the course of 75 years.
- Establish a bipartisan fiscal commission. A fiscal reform commission should be established to force Congress' hand in making the tough decisions necessary to put the country back on a fiscally sustainable path.
- Improve transparency and accountability. Congress has a responsibility to hold government agencies accountable for wasteful spending. This measure would reduce the estimated \$98 billion that is wasted annually when a federal agency pays too much or pays twice for a product or service.
- Establish performance-based budgeting. Performance-based budgeting is a results oriented budget tool that sets goals and performance targets for agencies, and measures their results, much like a small business. It is a commonsense policy that has been successfully implemented on the state level for many years.
- Eliminate waste, fraud and abuse. Research shows that for every \$1.00 we put into "program integrity accounts" that identify and eliminate waste, fraud and abuse in government spending, we get \$1.50 back. The authorization levels for these programs should be increased.
- Account for every dollar. Evaluating every dollar spent on our national defense is not only good fiscal practice; it is a matter of national security. Like all other major federal agencies, the Department of Defense should be subject to annual audits. Senators John McCain and Claire McCaskill have already introduced this measure in the Senate.
- Close tax loopholes. It is critical that the federal government continue to identify and report loopholes and inefficiencies within the current tax system. We can expand on these reports to reflect the total revenue lost and to identify inefficient tax subsidies.
- Take the politics out of the equation. In order to promote efficiency and eliminate undue political pressures, this provision would transition the Joint Committee on Taxation to an independent, nonpartisan legislative branch agency.
- Eliminate duplication and inefficiency. Government programs that are duplicative or inefficient can be a substantial drain on the federal budget. Establishing an independent, bipartisan commission to recommend reorganizational changes to the federal government would help to streamline these programs and save taxpayer dollars.
- Review and terminate unnecessary federal programs. A "Sunset Commission" should be established to conduct regular reviews of federal programs and agencies, and make recommendations as to those which should be terminated.

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